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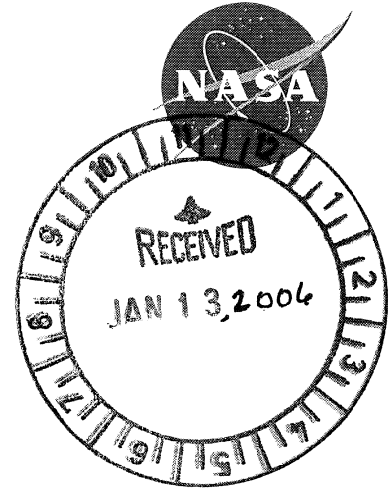
December 21, 2005

Reply to Attn of: Office of the Chief Financial Officer

TO: Distribution

FROM: Chief Financial Officer

SUBJECT: NASA Interim Policy: Independent Technical Authority Agency Service Pool



NM 7120-32
NPR 7120.5

This memorandum provides interim policy guidance for the management of the cost and services for the Independent Technical Authority Agency Service Pool. This pool was created in direct support of the recommendation made by the Columbia Accident Investigation Board. The Board recommended that the Office of the Chief Engineer implement an Independent Technical Engineering Authority to ensure safe and reliable operations of NASA's assets.

This policy is effective for FY 2006 only. The financial operations of this service pool will be evaluated during FY 2006 and a determination will be made as to its permanence. If you have any questions regarding this interim policy, please contact Ms. Ledetria T. Beaudoin at (202) 358-0991 or by e-mail Ledetria.T.Beaudoin@nasa.gov.

Gwendolyn Sykes

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Independent Technical Authority Agency Service Pool

Background

In an effort to implement the recommendations of the Columbia Accident Investigation Board (CAIB), NASA established an Independent Technical Engineering Authority (ITA) warrant system (NPD 1240.1 NASA Technical Warrant System). The goal of the warrant system is to create and implement a standard, formal process for delegating Independent Technical Authority from the Chief Engineer to competent, experienced individuals conducting and overseeing high-risk technical work in order to assure safe and reliable operations and missions. Beginning in FY 2006, the ITA will be executed through an Agency Service Pool, replacing the Center Service Pools used for FY 2005 execution. In accordance with the recent agency direction, this service pool will include the NASA Engineering Safety Center (NESC) which was previously included within Corporate General and Administrative (G&A).

This interim policy modifies the policy set forth in the NASA Financial Management Requirements (FMR), Volume 7, "Cost Policies and Requirements."

Definition

ITA Agency Service Pool:

- The ITA Agency Service Pool manages the civil service labor and travel, contractor support, and other expenses required for execution of the ITA warrant system and the NESC described in NPR 1240.1. Basis of cost allocation shall be labor hours.

Roles and Responsibilities

Office of Chief Engineer:

- Manage Agency Service Pool activities of the ITA.
- Appoint the ITA Agency Service Pool Manager.
- Determine the level of ITA Agency Service Pool activities required by a project, as well as the content and funding levels of each activity.
- Manage the ITA Agency Service Pool rate adjustment in accordance with the Agency annual budget formulation process.

ITA Agency Service Pool Manager:

- Ensure adequate funds are set up for labor, travel, and procurement costs in a manner consistent with the approved service pool budget.
- Provide oversight of the ITA Agency Pool content.
- Budget and assign service pool activity cost.
- Plan and manage all elements of cost associated with the service pool.
- Monitor actual service pool costs against planning levels within the operating plan.
- Update and maintain operating plans.

Full Cost Considerations

Services should be priced on a full-cost basis, including procurements, travel, civil service and contract labor, support from Center service activities, and the performing Center's G&A costs. Costs charged to projects receiving services should be based on the number of hours consumed. Operations costs and charges at performing Centers are established through the budget formulation process.

Budgets of program/projects receiving ITA support will be reduced for the Agency ITA service pool cost prior to distribution to the programs. Funding for operations costs will be allocated directly to the performing Center with subsequent adjustments for cost variances between estimates and actual services provided.

Activities within the Agency ITA service pool will be budgeted and executed through the pool and assessed to direct fund projects which contributed to the direct budgetary resources. The ITA pool assessment will occur on a monthly basis via a rate based on that project's consumption in units.

See Figure 1 for Agency Service Pool Distribution and Assessment Flow.

Service Level Agreements (SLAs)

SLAs will be established in accordance with FMR Volume 7.



Agency Service Pool Distribution and Assessment Flow

FUNDS TRANSFER FROM EXTERNAL TANK PROJECT TO ITA PROGRAM

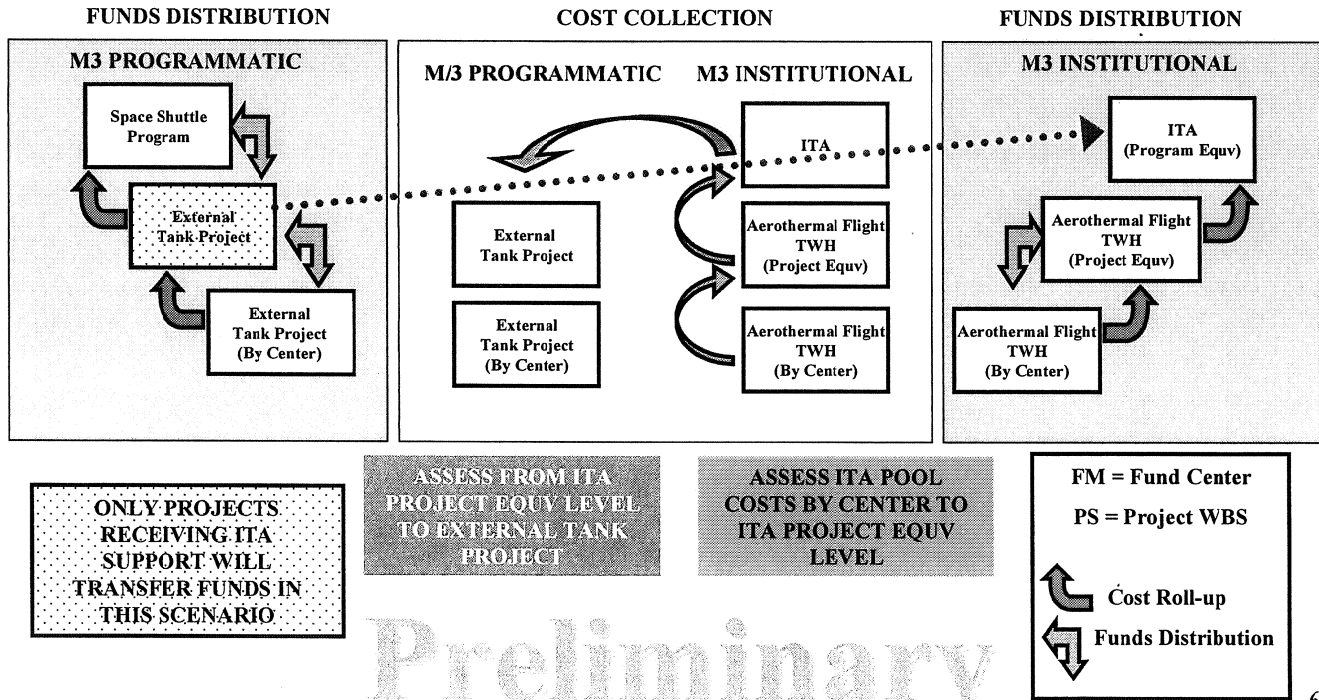


Figure 1